F&M FINANCIAL CORPORATION

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Selection countries and on-souther sheet reasons						
Seath Spin	Selected balance and off-balance sheet items					
Seat	Assets	Ţ		Ţ		-0.4%
Size						0.5%
Substitution Sub						-5.2%
Sept			\$123		\$137	11.3%
Section	Home equity		\$69		\$78	13.4%
Commercial As Engenerial	Credit card		\$0		\$0	
Super- S	Other consumer		\$30		\$24	-17.6%
Listuad commitments	Commercial & Industrial		\$50		\$42	-14.9%
Securities (Securities (Secu	Commercial real estate		\$168		\$169	0.2%
Securities (Continued and promise issue) Securities (Securities (Securitie	Unused commitments		\$118		\$120	1.5%
Montagap-basked securities (OSE and private issue) 551						
Seet basked securities So So Coller securities So So So Coller securities So So So So So So So S						
S25 S26 16.6						
Cosed-end mortgage originations	Other securities					
Cooked mortage originated for sale (quanter) \$100 \$152 \$40.0	Cash & balances due				\$11	
Cooked mortage originated for sale (quanter) \$100 \$152 \$40.0	Residential mortgage originations					
Second HeLDC originated fiscale (quarter) S102 S162 S8.2			\$109		\$152	
Single S						
Deposits Science Sci						
Deposits S656 S657 O. Total other borrowings S666 S60 49. Thill advances S66 S60 49. Thill advances S60 S60 49. Thill advances S60 S60 49. Thill advances S60 S60 49. Thill advances S70 S59 4. Thill advances S70 S59 4. Thill advances S70 S59 4. Thill advances S70 S70 S70 Third advances S70 S70 Third advances S70 S70 Third advances S70 S7						
Deposits			4			
Total other borrowings						
Equity Equity capital at quarter end S55 S59 4.2.						
Equity Capital at quarter end S57 S59 A. S59 A. Stock sales and transactions with parent holding company (cumulative through calendar year) S5 S S0 S0 S S0 S S0 S S0 S S0 S S0 S						
Equity capital at quarter end Stock sales and transactions with parent holding company (cumulative through calendar year) Performance Ratios Tier 1 leverage ratio Tier 1 risk based capital ratio 10.0% 10.8% Total risk based capital ratio 10.9% Return on equity 24.2% 5.2% Return on equity 3.3% 4.2% Ocwerage ratio ([ALLL+Alloc transfer risk]/Noncurrent loans)) Loss provision to net charge-offs (qtr) Net charge-offs to average loans and leases 1 Quarterly, annualized. Noncurrent Loans Reset Quality (% of Total Loan Type) Construction & development Colesce and 1-4 family residential 1.4% 1.5% 0.0% Construction & development Colesce and 1-4 family residential 1.4% 1.5% 0.0% Condition on the consumer Commercial & Industrial Commercial & Industrial 1.0% 0.0% 1.0% 0.0%		'				
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Performance Ratios Tier 1 leverage ratio 7.8% 8.2% Tier 1 risk based capital ratio 10.0% 10.3% Total risk based capital ratio 10.9% 11.8% Return on equity 1.24.2% 5.2% Return on assets 1.1.8% 0.4% Net interest margin 1.3.3% 4.2% Coverage ratio ([ALLL+Alloc transfer risk]/Noncurrent loans)} 86.3% 60.1% Loss provision to net charge-offs (qtr) 103.3% 377.7% Net charge-offs to average loans and leases 1.5,7% 0.2% **Quarterly, annualized.** **Noncurrent Loans** **Noncurrent Loans** **Gross Charge-Offs** **Noncurrent Loans** **Gross Charge-Offs** **Asset Quality (% of Total Loan Type) 2009 2010 **Construction & development 0.6% 1.5% 0.3% 0.0% **Closed-end 1-4 family residential 1.4% 1.1% 0.2% 0.3% **Home equity 0.1% 1.3% 0.0% 0.0% **Oredit card 0.0% 0.0% 0.0% 0.0% **Other consumer 0.4% 0.2% 0.6% 0.3% **Commercial kindustrial 1.0% 0.0% 15.3% 0.3% **Commercial kindustrial 1.0% 0.0% 15.3% 0.3% **Commercial real estate** **Double Total Commercial state** **Double Total Comme						
Tier 1 leverage ratio 7.8% 8.2% Tier 1 risk based capital ratio 10.0% 10.8% Total risk based capital ratio 10.9% 11.8% Return on equity 1 2-42.% 5.2% Return on assets 1 1.8% 0.4% Net interest margin 1 3.3% 4.2% Coverage ratio ([ALLL+Alloc transfer risk]/Noncurrent loans)) 8.6.3% 60.1% Loss provision to net charge-offs (qtr) 10.3% 377.7% Net charge-offs to average loans and leases 1 5.7% 0.2% 1 Quarterly, annualized. Noncurrent Loans Gross Charge-Offs	Stock sales and transactions with parent holding company (cumulative through calendar year)		\$5		\$0	
Tier 1 risk based capital ratio 10.0% 10.8% 10.8% 10.8 return on equity 10.9% 11.8 return on equity 10.9% 11.8 return on assets 10.0% 10.9% 11.8 return on assets 10.0% 10.9% 10.8 return on assets 10.0% 10.9% 10	Performance Ratios					
Total risk based capital ratio 10.9% 11.8%	Tier 1 leverage ratio		7.8%		8.2%	
Return on equity 24.2% .5.2%	Tier 1 risk based capital ratio				10.8%	
Return on assets	·					
Net interest margin 1 3.3% 4.2% Coverage ratio {{ALLL+Alloc transfer risk/Noncurrent loans}} 86.3% 60.1% Loss provision to net charge-offs (qtr) 103.3% 377.7% Net charge-offs to average loans and leases 1 5.7% 0.2% 1 Quarterly, annualized. Asset Quality (% of Total Loan Type) 2009 2010 2009 2010 Construction & development 0.6% 1.5% 0.3% 0.0% Closed-end 1-4 family residential 1.4% 1.1% 0.2% 0.1% Home equity 0.1% 1.3% 0.0% 0.0% Credit card 0.0% 0.0% 0.0% 0.0% Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 0.0% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%	· ·					
Coverage ratio {{ALLL+Alloc transfer risk/Noncurrent loans}}						
Loss provision to net charge-offs (qtr) 103.3% 377.7% Net charge-offs to average loans and leases¹ 5.7% 0.2% ¹ Quarterly, annualized. Noncurrent Loans Gross Charge-Offs Asset Quality (% of Total Loan Type) 2009 2010 2009 2010 Construction & development 0.6% 1.5% 0.3% 0.0% Home equity 0.1% 1.3% 0.0% 0.0% Credit card 0.0% 0.0% 0.0% 0.0% Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 0.0% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%						
Noncurrent Loans Sross Charge-Offs						
Noncurrent Loans Gross Charge-Offs						
Noncurrent Loans Gross Charge-Offs			5.7%		0.2%	
Asset Quality (% of Total Loan Type) 2009 2010 2009 2010 Construction & development 0.6% 1.5% 0.3% 0.0% Closed-end 1-4 family residential 1.4% 1.1% 0.2% 0.1% Home equity 0.1% 1.3% 0.0% 0.0% Credit card 0.0% 0.0% 0.0% 0.0% Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 15.3% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%	* Quarterly, annualized.					
Construction & development 0.6% 1.5% 0.3% 0.0% Closed-end 1-4 family residential 1.4% 1.1% 0.2% 0.1% Home equity 0.1% 1.3% 0.0% 0.0% Credit card 0.0% 0.0% 0.0% 0.0% Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 15.3% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%		Noncurre	nt Loans	Gross Charge-Offs		
Closed-end 1-4 family residential 1.4% 1.1% 0.2% 0.1% Home equity 0.1% 1.3% 0.0% 0.0% Credit card 0.0% 0.0% 0.0% 0.0% Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 15.3% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%	Asset Quality (% of Total Loan Type)	2009	2010	2009	2010	
Home equity	Construction & development		1.5%		0.0%	
Credit card 0.0% 0.0% 0.0% 0.0% Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 15.3% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%						
Other consumer 0.4% 0.2% 0.6% 0.3% Commercial & Industrial 1.0% 0.0% 15.3% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%						
Commercial & Industrial 1.0% 0.0% 15.3% 0.1% Commercial real estate 1.4% 2.6% 0.0% 0.1%						
Commercial real estate 1.4% 2.6% 0.0% 0.1%						
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Total loans 1.0% 1.5% 1.4% 0.1%						